

AMENDED IN SENATE MARCH 29, 2007

SENATE BILL

No. 107

Introduced by Senator Alquist
(Coauthors: Senators Kuehl and Ridley-Thomas)
(Coauthor: Assembly Member Solorio)

January 18, 2007

An act to add and repeal Chapter 19 (commencing with Section 50899) of Part 2 of Division 31 of the Health and Safety Code, relating to community development.

LEGISLATIVE COUNSEL'S DIGEST

SB 107, as amended, Alquist. Community development: healthy food choices.

Existing law charges the Department of Housing and Community Development with the administration of various programs that facilitate community development, including the Community Development Block Grant Program. Existing law also requires the State Department of Health Services, ~~to be renamed the State Department of Health Care Services on July 1, 2007~~, to develop a "Healthy Food Purchase" pilot program and to establish and implement a "5 A Day-For Better Health" program to promote consumption of fruit and vegetables. *This duty will be transferred to the State Department of Public Health on July 1, 2007.*

This bill would require the ~~Department of Food and Agriculture~~ *State Department of Public Health*, until January 1, ~~2010~~ *2015*, in partnership with the ~~State Department of Health Care Services~~ *other programs and services within the Business, Housing and Transportation Agency*, and to the extent funds are appropriated, to establish the "Healthy Food Retail Innovations Fund" to provide residents of underserved communities with retail food markets that would offer high quality fruit,

vegetables, and other healthy foods and encourage retail innovation. The bill would also require the department to provide grants *and loans* on a competitive basis for *land acquisition*, business plan development, feasibility studies, refrigeration units, outside technical assistance, and other startup costs. It would also require the department to report to the Legislature annually, as specified, on projects funded through this program.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 19 (commencing with Section 50899) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 19. ACCESS TO HEALTHY FOOD ACT

50899. This chapter shall be known and may be cited as the Access to Healthy Food Act.

50899.1. The Legislature hereby finds and declares all of the following:

(a) Increasing access to retail food markets is an important strategy for improving the nutritional health and economic vitality of low-income communities by ensuring an accessible supply of healthy food.

(b) Community food assessments conducted in California have demonstrated that residents of low-income communities often have inadequate access to high quality fruits, vegetables, and other healthy food.

(c) California has the second highest rate of overweight and low-income children in the nation.

(d) According to the Centers for Disease Control and Prevention, over 20 percent of California adults are overweight compared to 1991 when less than 10 percent of California adults were overweight.

(e) The growing epidemic of overweight individuals is due to poor diet and physical inactivity, putting growing numbers of Californians at risk for type 2 diabetes, hypertension, heart disease, and cancer.

(f) Diseases related to poor nutrition and physical inactivity are the second leading cause of preventable deaths in the United States. These diseases account for 28 percent of preventable deaths each year, which is more than AIDS, violence, car crashes, alcohol, and drugs combined.

(g) Obesity costs California an estimated ~~\$21.7~~ \$28 billion a year ~~in medical costs and lost productivity. Medical care costs associated with obesity are greater than those associated with both smoking and problem drinking.~~ *in medical costs and lost productivity.*

(h) While individuals make choices about what they eat, these choices are affected by the availability of food in their ~~environment~~ *community*. Sales of fruit and vegetables can be increased by improving community access to retail grocery stores, helping corner stores and other small stores sell fruit and vegetables, starting and sustaining farmers' markets, and other innovative means to improve community access to places for purchasing fruit, vegetables, and other healthy foods. Studies have shown that access to healthy food increases fruit and vegetable consumption.

(i) Retail grocery stores are important economic anchors in communities, generating jobs, recycling money back into the local economy, and creating opportunities for other small and large businesses.

(j) Improving the availability, quality, and prices of food in existing small stores can improve local economic development by building upon existing community resources, and strengthening relationships between local merchants and residents.

(k) Farmers' markets can help support farmers and serve as small business incubators where local residents can sell products such as baked goods or nonfood items.

50899.2. For purposes of this chapter, the following definitions apply:

(a) "Department" means the ~~Department of Food and Agriculture~~ *State Department of Public Health*.

(b) "Retail food market" means a for-profit or not-for-profit retailer that will increase access to high quality fruit, vegetables, and other healthy food.

(c) "Underserved community" means a community in which existing retail food markets are inadequate to serve the healthy food needs of residents and that meets one of the following criteria:

1 (1) In metropolitan statistical areas, the median family income
2 is less than 80 percent of the area median family income.

3 (2) In nonmetropolitan statistical areas, the median family
4 income is less than 80 percent of the statewide median family
5 income.

6 (3) Is adjacent to a census tract that meets the income criteria
7 described in paragraph (1) or (2).

8 50899.3. (a) To the extent funds are available, the department
9 shall establish, in partnership with the State Department of Health
10 Care Services, the “Healthy Food Retail Innovations Fund” for
11 other related programs and services within the Business, Housing
12 and Transportation Agency, a grant and loan program for the
13 purpose of providing residents of underserved communities with
14 retail food markets that will offer high quality fruit and vegetables.
15 Eligible projects include, but are not limited to, projects to
16 encourage development of or revitalize retail grocery stores or
17 farmers’ markets, to improve or increase healthy food options
18 available at existing corner stores or small markets, or other retail
19 market or fruit and vegetable distribution innovations that meet
20 the intent of this section. A restaurant is not an eligible project for
21 purposes of this section. The department shall provide competitive
22 grants for business plan development, feasibility studies,
23 refrigeration units, outside technical assistance, and other startup
24 costs. Grants grants and loans on a competitive, one-time basis,
25 for acquisition of land, refrigeration units, and other equipment,
26 construction, workforce development and training expenses, outside
27 technical assistance, feasibility studies, business plan costs, and
28 the rehabilitation of land improvements. Grants and loans shall
29 not be used to pay operating costs. Feasibility studies shall be
30 eligible for funding only if there is evidence that the study will
31 gather important new information and is likely to result in a retail
32 food market or fruit and vegetable innovation project. To the extent
33 possible, the department, in partnership with other related
34 programs and services within the Business, Housing and
35 Transportation Agency, and the California Supplemental Food
36 Program for Women, Infants, and Children (WIC program) shall
37 provide technical assistance to grant and loan recipients.

38 (b) An applicant for the grants and loans under this chapter
39 may be a for-profit business enterprise, including, but not limited
40 to, a corporation, limited liability company, sole proprietor,

1 cooperative, or partnership; a nonprofit organization; or
2 governmental entity.

3 (c) To be eligible for a grant *or loan* under this chapter, an
4 applicant shall serve an underserved community in which the
5 proposed retail food or fruit and vegetable innovation market
6 project will improve, increase, or preserve retail access to high
7 quality fruit, vegetables, and other healthy food for low-income
8 residents of the community. Applicants shall demonstrate that the
9 community supports the proposed project, that the project will
10 have a positive economic impact on the surrounding community,
11 that the project is likely to be successful and economically
12 self-sustaining, and any other criteria as the department may
13 determine and that are consistent with the purposes of this chapter.

14 (d) The department, *in partnership with other related programs*
15 *and services within the Business, Housing and Transportation*
16 *Agency*, shall rate and rank applicants by the following
17 priority-ordered criteria:

18 (1) The income level of the community and the degree to which
19 the community is underserved by retail food markets.

20 (2) The degree to which the project will improve, increase, or
21 preserve retail access to high quality, *culturally appropriate*, fruit,
22 vegetables, and other healthy food for the low-income residents
23 of the underserved community.

24 (3) The capacity of the applicant to successfully complete the
25 project and the likelihood that the project will be economically
26 self-sustaining.

27 (4) The degree to which the underserved community supports
28 the project. This may be demonstrated through letters of support
29 from local community-based organizations, faith-based
30 organizations, civic organizations, or local community members.

31 (5) The degree to which the project will have a positive
32 economic impact on the underserved community. Applicants who
33 demonstrate a commitment to strong local hiring practices shall
34 receive additional consideration.

35 (6) Other criteria the department may determine and that are
36 consistent with the purposes of this chapter.

37 (e) The funded retail food market should primarily sell groceries,
38 produce, meat, baked goods, and dairy products to the widest
39 possible group of consumers. The department shall establish

1 alternate requirements applicable to farmers' markets and to other
2 grant recipients that primarily sell produce.

3 (f) It is the Legislature's intent that funds described in this
4 section be used to leverage other funding including, but not limited
5 to, workforce development funds, New Markets Tax Credits,
6 incentives available to enterprise zones, and funding from financial
7 institutions under the federal Community Reinvestment Act (12
8 U.S.C. Sec. 2901).

9 (g) The department shall report to the Legislature annually on
10 any projects funded through this program by describing outcome
11 data, including fruit and vegetable sales data, and describing the
12 most promising healthy food retailing innovations. The department
13 may fulfill this requirement by including this information in any
14 other annual report that the department provides to the Legislature.

15 50899.4. ~~The~~ *(a) There is hereby established in the State*
16 *Treasury the Healthy Food Retail Innovations Fund, into which*
17 *funds appropriated by the Legislature shall be deposited and made*
18 *available to the department for the purposes of this chapter.*

19 *(b) The department shall implement this chapter only to the*
20 *extent that funds are appropriated for that purpose. The department*
21 *may contract with a qualified third-party, nonprofit organization*
22 *to fulfill the obligations described in subdivisions (b) to (g),*
23 *inclusive, of Section 50899.3.*

24 50899.5. This chapter shall remain in effect only until January
25 1, ~~2010~~, 2015, and as of that date is repealed, unless a later enacted
26 statute, that is enacted before January 1, ~~2010~~, 2015, deletes or
27 extends that date.